

DECLARATION OF MAILING
MIKE KREIDLER, under penalty of perjury
STATE INSURANCE COMMISSIONER of the State of

Washington, that on the date listed
below, I mailed or caused delivery
of a true copy of this document to

DATED this 21st day of May, 2004
at Tumwater, Washington.

Signed: Mike Kreidler

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

P.O. BOX 40255
OLYMPIA, WA 98504-0255
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FILED

2004 MAY 21 P 12:59

In the Matter of the Acquisition of
PACIFIC NORTHWEST TITLE
INSURANCE COMPANY by
THE FIRST AMERICAN
CORPORATION

No. G 2004 - 02

Hearings Unit, DIC
Patricia D. Petersen
Chief Hearings Officer

ORDER APPROVING ACQUISITION
OF CONTROL

TO: Timothy J. Parker, Esq.
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700 Fifth Avenue, Ste. 5800
Seattle, WA 98104-5017

Parker S. Kennedy - President
First American Corporation
1 First American Way
Santa Ana, CA 92707

Raymond Lloyd Davis - President
Pacific Northwest Title Insurance Company
215 Columbia Street
Seattle, WA 98104-1511

COPY TO: Mike Kreidler, Insurance Commissioner
Michael G. Watson, Chief Deputy Insurance Commissioner
James T. Odiorne, Deputy Commissioner, Company Supervision Division
Carol Sureau, Deputy Commissioner, Legal Affairs Division
James E. Tompkins, Assistant Deputy Commissioner, Company Supervision
Division
Office of Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

Pursuant to Chapter 48.04 RCW, Chapter 34.05 RCW, RCW 48.31B.015, and Chapter 284-18 WAC, and after notice to interested parties and persons (see notice detailed below), the above-entitled matter came on regularly for hearing before the Insurance Commissioner of the state of Washington commencing at 9:00 a.m. on April 21, 2004 in the Office of the Insurance Commissioner, 5000 Capitol Blvd., Tumwater, WA 98501. All persons to be affected by the above-entitled matter were given the right to be present at such hearing, during the giving of testimony, and had reasonable opportunity to inspect all documentary evidence, to examine witnesses and present oral and written statements. The Insurance Commissioner (Commissioner) was represented by James E. Tompkins, Esq., Assistant Deputy Commissioner in the Company

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Supervision Division of the Office of the Insurance Commissioner. The Applicant, The First American Corporation, was represented by Timothy J. Parker, Attorney at Law. The hearing record was kept upon until the required Declaration of James J. Dufficy was filed on May 5, 2004.

NATURE OF PROCEEDING

By filing Form A (which is its preacquisition notification and application for approval of this proposed acquisition) dated January 23, 2004 and filed with the Insurance Commissioner on February 23, 2004, The First American Corporation, a California corporation, has applied for the Commissioner's approval of its proposed acquisition of control of Pacific Northwest Title Insurance Company, a Washington domiciled title insurance company. The First American Corporation proposes to acquire control of Pacific Northwest Title Insurance Company by acquiring all of the outstanding stock of Pacific Northwest Title Insurance Company's holding company, Pacific Northwest Title Holding Company, in a negotiated acquisition. The First American Corporation proposes to acquire all of such issued and outstanding stock from the existing shareholders of Pacific Northwest Title Holding Company. RCW 48.31B.015, part of the Washington Insurer Holding Company Act, requires that the Commissioner hold a public hearing to examine the evidence and determine whether the proposed acquisition of control of this Washington domestic title insurance company satisfies the applicable statutory criteria and should be approved. The requested effective date of the proposed acquisition of control is as soon as possible after entry of the Order herein, but not later than July 31, 2004, should this proposed acquisition be approved.

FINDINGS OF FACT

Having considered the written and oral evidence presented at the hearing, and the documents on file herein, including the Form A Statement Regarding the Merger and Acquisition of Control of a Domestic Insurer dated January 23, 2004 and filed with the Commissioner on February 23, 2004 and the exhibits to Form A, and the entire hearing file, the undersigned finds as follows:

1. The hearing was duly and properly convened and all substantive and procedural requirements under the laws of the state of Washington have been satisfied.
2. Pacific Northwest Insurance Company (PNWT) is an active domestic Washington title insurance company which also conducts its title insurance business in Oregon, Alaska and to a small extent in Idaho. Pacific Northwest Title Holding Company (PNWTHC) is a closely held insurance holding company which owns 100% of the stock of PNWT. [Testimony of Peter T. Murphy; Form A.]
3. First American Title Corporation (First American Title) is an active California title insurance company which conducts title insurance business in Washington State and many other states. First American Title is a wholly owned subsidiary of The First American Corporation (First American). First American is a publicly traded company

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listed on the New York Stock Exchange (stock symbol "FAF"), and is a general business corporation engaged, through its subsidiaries, in seven primary segments of business including title insurance and services, specialty insurance, trust and other services, mortgage information, property information, credit information and screening information. [Form A.]

4. If this proposed acquisition of control is approved, the result will be that PNWT will no longer be owned or controlled by PNWTHC. If this proposed acquisition of control is approved, First American intends to acquire PNWT through merger of PNWT with First American's wholly-owned subsidiary, Pacific Northwest Title Holding Company Acquisition Corporation; upon the effective date of the purchase, Pacific Northwest Title Holding Company Acquisition Corporation shall cease to exist and PNWTHC, a Washington corporation, shall be the surviving corporation. First American will then own and control PNWT. First American intends to continue and expand its business of selling underwriting of title insurance policies in Washington State. First American will maintain the separateness of PNWT from its current title insurance business, First American Title Insurance Company, as well as their affiliated title agents, and also will maintain their separate insurance licenses and market presence as independent title insurers. Therefore, although PNWT will be owned and controlled by First American, PNWT will remain an active Washington domiciled title insurance company and will continue to be subject to the jurisdiction of the Washington State Insurance Commissioner. [Testimony of Peter T. Murphy; Testimony of James J. Dufficy; Declaration of James J. Dufficy; Agreement and Plan of Merger Sec. 3.5.]
5. It has been agreed by the ultimate controlling person of PNWT that it be acquired by the Applicant. [Testimony of Peter T. Murphy; Form A.]
6. As of December 31, 2003, Fidelity Management Trust Company, in its capacity as the trustee of The First American Corporation 401(k) Savings Plan, was the only entity that held 10% or more of the voting securities of The First American Corporation. As of that date, Fidelity Management Trust Company held 12.6% (9,981,686 shares) of the voting securities of The First American Corporation. [Form A; also see Form A Item 3(3) and Exhibit B to Form A for further details.]
7. First American properly filed its Form A, dated January 23, 2004, on February 23, 2004. The requested effective date of this proposed merger is as soon as possible after entry of the Order herein, if approval is granted. [Testimony of James J. Dufficy.] Said Form A contains the information required by the Insurance Commissioner and by applicable statute. [Testimony of James E. Tompkins.]
8. After the proposed acquisition of control, PNWT will continue to be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed. [Testimony of James E. Tompkins.]

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9. The effect of this proposed acquisition of control would not be substantially to lessen competition in insurance in this state or to create a monopoly therein. [Testimony of James E. Tompkins; Testimony of James J. Dufficy; Declaration of James J. Dufficy; Testimony of Linda McLaughlin; Declaration of Linda McLaughlin.]
10. The financial condition of First American is not such as might, after completion of the proposed acquisition, jeopardize the financial stability of PNWT, PNWTHC or prejudice the interests of PNWT's policyholders. [Testimony of James E. Tompkins; Testimony of James J. Dufficy.]
11. After completion of this proposed acquisition, there are no plans to liquidate PNWTHC, sell its assets, consolidate or merge it with any person. There are plans to change the management of PNWTHC but the plans are not unfair or unreasonable to PNWT's policyholders and not against the public interest. Further, there are no other planned material changes to PNWTHC's or PNWT's business or corporate structure or management which are unfair or unreasonable to PNWT's policyholders or not in the public interest. [Testimony of James E. Tompkins; Testimony of James J. Dufficy; Declaration of James J. Dufficy.]
12. It cannot be found that the competence, experience, and integrity of those persons who would control the operation of PNWTHC after the proposed acquisition are such that it would not be in the interest of PNWT's policyholders and of the public to permit the acquisition of control. [Testimony of James E. Tompkins; Testimony of James J. Dufficy; Declaration of James J. Dufficy.]
13. It is not likely that this proposed acquisition is hazardous or prejudicial to the insurance-buying public. [Testimony of James E. Tompkins; Testimony of James J. Dufficy; Declaration of James J. Dufficy; Testimony of Linda McLaughlin; Declaration of Linda McLaughlin]
14. After completion of this proposed acquisition, the rights and privileges of PNWT's policyholders will be preserved. [Testimony of James J. Dufficy; Declaration of James J. Dufficy.]
15. The Notice of Hearing herein [Ex. 1], which contains information concerning this proposed acquisition and the public hearing thereon, was published in its entirety on the Washington State Insurance Commissioner's website on March 8, 2004 and continuously from that time until at least the date of the hearing herein. It was also published in its entirety in the Washington State Register's website on March 17, 2004 and April 7, 2004 and continuously until at least the date of the hearing herein. It was also published in the Washington State Register itself on March 17, 2004 and on April 7, 2004. [Testimony of James E. Tompkins; Affidavit of Publication by James E. Tompkins.] Said forms of notice are as required by the undersigned. It is here found that this notice constitutes reasonable and adequate notice to interested parties.

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16. As indicated in the subject Notice of Hearing [Ex. 1, page 3] entered by the undersigned on March 2, 2004 and published as set forth above, all interested parties were given the opportunity to submit any comments on, or objections to, this proposed acquisition to the undersigned through April 19, 2004 by fax, U.S. Mail or personal delivery. All interested parties were also advised in said Notice of Hearing that they would be given the opportunity to present evidence at hearing and to examine and cross-examine witnesses and offer oral and written arguments, and in connection therewith to conduct discovery proceedings. No communications of any kind were received by the undersigned. Further, no communications of any kind was received from outside parties by First American. [Testimony of James J. Dufficy.] Further, no objections were received by the Insurance Commissioner. [Testimony of James E. Tompkins; Affidavit of James E. Tompkins.] Based upon this evidence, it is here found that no reasonable objection to this proposed acquisition exists.
17. Based upon the above findings of facts, which address the statutory criteria for filing, review and approval of mergers and acquisitions in Washington State, and which criteria were set forth by the undersigned in the abovereferenced Notice of Hearing, it is here found that this proposed acquisition is reasonable and should be approved.
18. The sole witness appearing on behalf of the Commissioner was James E. Tompkins, Assistant Deputy Commissioner in the Company Supervision Division of the Office of the Insurance Commissioner. Mr. Tompkins presented his testimony in a detailed and credible manner and exhibited no apparent biases. Further, on April 19, 2004 Mr. Tompkins filed his Affidavit of Publication by James E. Tompkins concerning the fact that the Commissioner had received no objection to this proposed acquisition, and on April 21, 2004 Mr. Tompkins also filed his Affidavit of James E. Tompkins concerning the specific notice which was provided to interested parties concerning this proposed acquisition.
20. Peter T. Murphy, Chairman of PNWTHC, testified on behalf of PNWTHC and PNWT. Mr. Murphy presented his testimony in a detailed and credible manner and exhibited no apparent biases.
21. James J. Dufficy, Vice President and Regulatory & Special Counsel for First American, appeared as a witness on behalf of First American. Mr. Dufficy presented his testimony in a detailed and credible manner and exhibited no apparent biases. Subsequently, pursuant to the request of the undersigned during hearing, on May 5, 2004 Mr. Dufficy filed his Declaration of James J. Dufficy herein.
22. The application of The First American Corporation for approval of its proposed acquisition of control of Pacific Northwest Title Holding Company should be approved.

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CONCLUSIONS OF LAW

1. Pursuant to Chapter 48.31B RCW, the Insurance Commissioner has jurisdiction over the plan of acquisition and change of control of Pacific Northwest Title Holding Company.
2. Based upon Finding of Fact No. 7 above, the Applicant properly filed its preacquisition notification, Form A., dated January 23, 2004, on February 20, 2004, which is a sufficient period before the requested effective date of this proposed acquisition, as required by RCW 48.31B.015(1) and such preacquisition notification, Form A, contains the information required by RCW 48.31B.015(2).
3. Based upon Finding of Fact No. 8 above, after the change of control, Pacific Northwest Title Insurance Company, which is wholly owned by Pacific Northwest Title Insurance Holding Company, will continue to satisfy the requirements for a certificate of authority to conduct title insurance business in this state, as contemplated by RCW 48.31B(4)(a)(i).
4. Based upon Finding of Fact No. 9 above, the change in control of Pacific Northwest Title Holding Company will not substantially lessen competition in insurance in this state or tend to create a monopoly in this state, as contemplated by RCW 48.31B(4)(a)(ii).
5. Based upon Finding of Fact No. 10 above, the financial condition of The First American Corporation is such that the financial stability of Pacific Northwest Title Holding Company and Pacific Northwest Title Company will not be jeopardized by the proposed acquisition, and the interests of Pacific Northwest Title Insurance Company's policyholders will not be prejudiced, as contemplated by RCW 48.31B.015(4)(a)(iii).
6. Based upon Finding of Fact No. 11 above, there are no plans to Pacific Northwest Title Insurance Company, sell its assets, consolidate or merge it with any person. There are plans to change the management of Pacific Northwest Title Holding Company and Pacific Northwest Title Insurance Company, but the plans are not unfair or unreasonable to Pacific Northwest Title Insurance Company's policyholders and such proposed change is not against the public interest, as contemplated by RCW 48.31B.015(4)(a)(iv).
7. Based upon Finding of Fact No. 12 above, the competence, experience, and integrity of those persons who will control the operation of Pacific Northwest Title Holding Company and Pacific Northwest Title Insurance Company are such that, should this proposed acquisition be permitted, it would not be against the interest of Pacific Northwest Title Insurance Company's policyholders or of the public, as contemplated by RCW 48.31B.015(4)(a)(v).
8. Based upon Findings of Fact No. 13 and 14 above, the acquisition of Pacific Northwest Title Holding Company by The First American Corporation is not likely to be hazardous

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or prejudicial to the insurance buying public, as contemplated by RCW 48.31B.015(a)(vi).

9. Based upon Finding of Fact Nos. 15 and 16, reasonable notice to interested parties has been given, and no objections exist.
10. Based upon the above Findings of Fact, the provisions of the Insurance Code of the State of Washington, Chapter 48.31B RCW, and specifically RCW 48.31B.015 governing approval of acquisitions, have been met. Pursuant to Chapter 48.31 RCW, and specifically RCW 48.31B.015, The First American Corporation's request for approval of this proposed acquisition is granted.

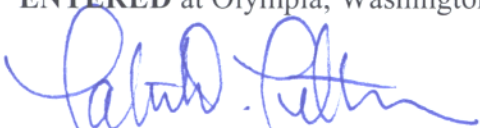
ORDER

On the basis of the foregoing Findings of Fact and Conclusions of Law, to the effect that the statutory criteria for approval of this proposed acquisition have been met, and to the effect that approval of this proposed acquisition should be granted,

IT IS HEREBY ORDERED that the application of The First American Corporation for the Insurance Commissioner's approval of its proposed acquisition of Pacific Northwest Title Holding Company, upon the terms included into evidence in this proceeding, is GRANTED effective immediately. Consummation of this transaction may occur at any time after the date of entry of this Order provided that the parties have complied with all other statutes which govern this transaction.

This Order is entered pursuant to Title 48 RCW, and specifically RCW 48.31B.015, Title 34 RCW, and regulations applicable thereto.

ENTERED at Olympia, Washington, this 21st day of May, 2004.



PATRICIA D. PETERSEN

Chief Hearing Officer

Presiding Officer